

**DOMINION ENERGY SOUTH CAROLINA, INC.
SOUTH CAROLINA OFFICE OF REGULATORY STAFF'S
FIRST AND CONTINUING REQUESTS FOR
BOOKS, RECORDS AND OTHER INFORMATION
DOCKET NO. 2021-374-E**

REQUEST NO. 1-1:

If the competitive bid for the property that is the subject of the Company's Application in this docket is above the appraised value, do the shareholders or the Company's customers benefit?

RESPONSE NO. 1-1:

As indicated in the Company's filing with the Commission on December 9, 2021, sales proceeds attributable to structures, furniture, fixtures, equipment, and other personal property will be credited as salvage against the accumulated provision for depreciation of property. Sales proceeds attributable to the land will be recorded in Account 421.1 "Gain on Disposition of Property". Upon disposition and retirement, the Company's book value associated with the structures, furniture, fixtures, equipment, and other personal property will be charged against the accumulated provision for depreciation and the Company's book value associated with the land will be charged against Account 421.1. Accordingly, the gain (or loss if applicable) related to the structures and equipment would be captured in depreciation reserves and the gain associated with the land would be recorded below-the-line to account 421.1.

Historically, the Company has consistently used appraised values to allocate sales proceeds between land, and structures and equipment. Based on an August 30, 2021 appraisal, the best and highest use of the property indicates the full appraised value is attributable to the land.

Accordingly, the Company anticipates allocating 100% of the sale proceeds to the land. The difference between the sales proceeds received and Company's carrying value in the land will be recorded as a below-the-line gain benefitting shareholders to account 421.1.

PERSON RESPONSIBLE: Casey Coffey

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REQUEST NO. 1-2:

Please provide a detailed estimate for the cost associated with compliance with the Commission's Order No. 2021-358 to market and competitively bid the property. Where will this cost be recorded on DESC's books and records?

RESPONSE NO. 1-2:

To market and competitively bid the Sand Dunes Property, DESC will incur the following additional costs:

Publication Costs: \$36,759

These costs include \$20,454 for a 1/8 ad to run in the Atlanta Journal Constitution every Friday, Saturday, and Sunday starting on February 18 and ending on March 27 and 200,000 impressions; \$6,705 for a 2 column ad to run in the Charleston Post and Courier every Friday, Saturday, and Sunday starting on February 18 and ending on March 27 and 1,000 digital impressions, and \$9,600 for a 1/16 ad to run in the Charlotte Observer every Friday and Sunday starting February 18 and ending on March 27 and 360,000 impressions.

Outside Legal Expenses: Approximately \$7,500 to \$10,000

This estimate is based on legal expenses for the bid process through closing and assumes a similar level of interaction with the new purchaser as the Company had with SDC Island Resident Club, LLC. Actual expenses will depend on how much contractual negotiation is required once the successful bidder is selected.

These costs will be considered costs associated with the sale and will be recorded on DESC's regulatory books and records to account 421.1 "Gain on Disposition of Property."

Property Taxes: Approximately \$3,350 per month of delay in closing

In addition to the publication and legal expenses noted above, the Commission Order denying the waiver of the competitive bid requirement has delayed the closing of the transaction. As a result, DESC will also incur

Attachment 2

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additional property taxes on the Sand Dunes Property. These costs are not considered costs associated with the sale and will be recorded in DESC's regulatory books and records to account 408.1 "Taxes Other Than Income Taxes, Utility Operating Income." Due to the manner in which utilities are assessed and pay property taxes, the amount above is an estimate based on DESC's current calculations and is for illustrative purposes and should not be considered a precise amount. The proration of property taxes at closing may vary based on negotiations with prospective buyers.

Other Costs: The Company also incurs the following charges and fees on an annual basis related to its ownership of the Sand Dunes Property and, until such time as sale of the property is closed, will continue to incur these fees and expenses (or a portion thereof) as a result of the Commission Order denying the waiver of the competitive bid requirement and the resulting delay in the closing of the sale of the Sand Dunes Property. These costs are not considered costs associated with the sale and will be recorded in DESC's regulatory books and records to account 426.5 "Other Deductions."

Description	Annual Amount
Janitorial Services	1,792
Carbon Dioxide Cylinder Rentals for pool	1,665
Propane	420
Pool Services	6,000
Storm Water Fees	1,683
Hood Inspection	989
Pond Management Service	1,794
Landscaping	6,025
Pest Control	1,150
Backflow Testing	50
Waste Services	808
Pool Phone	768
Termite Bond	1,158
Utilities - Water & Sewer	9,770
	\$34,072

PERSON RESPONSIBLE: Barry McDonald and Casey Coffey